



ITERATIVE CAPITAL MANAGEMENT, LP

December 20, 2019

Dear Investors:

First, we'd like to wish everyone a Happy Holiday season. It's a tremendous honor to count you all as investors and part of the Iterative DNA, and for that we remain humbled and thankful.

Prior to launching Iterative Capital two years ago, we knew that scaling our investment strategies would create unique technical challenges. What we did not anticipate, however, is just how limiting the Fund's partnership structure would be (particularly in a bear market scenario). After careful consideration, we've determined that the LP-GP fund structure is not conducive to our investment strategies' success, and worse yet, is frustrating for investors looking for liquidity. In this letter, we'll outline a series of actions we believe are in the best interests of all stakeholders.

Challenges with Structure

When we raised Iterative Capital, L.P., Iterative Capital, Ltd., Iterative Capital Master, L.P., and Iterative Mining Master, L.P. (collectively, the "Fund") in 2018, one of the key features that investors desired was having the ability to redeem their investment on a quarterly basis. Given that a large portion of our investments (in particular, the mining assets) are in investments that, while individually are liquid, cannot easily be sold without materially, negatively impacting the integrity of the Fund's position as a whole, quarterly liquidity ended up being infeasible. To be successful, our investment strategy needs to be over a longer time horizon -- 3 to 5 years minimum for the mining cycles to play out. Being locked up in a side-pocket has made for an unpleasant surprise for many investors, and that was never the intent.

Given the market conditions, continuing to operate the Fund will eat away at the margins and suppress returns. The costs of fund administration and other third-party service providers has remained the same, while prices of cryptocurrencies have mostly waned. This results in us needing to liquidate mining rewards, sometimes below their cost of production, to be able to pay for hosting expenses and other operating expenditures. Along with the rapid depreciation schedule of the hardware in use, paper losses become amplified.

From Fund to Operating Company

We believe we have the foundations of a very strong business. Mining is integral to the success of crypto networks, and our skillset in that arena is invaluable.

The current Fund structure has handcuffed us and prevented us from being able to scale our mining operation. As such, during Q1 2020, we will embark on an effort to convert the Fund from an investment fund structure to a corporate structure and consolidate it with our other flagship business, the OTC desk (Iterative OTC, LLC). In so doing, we will seek to (1) provide opportunities for liquidity to current investors that have either requested to be withdrawn (but remain in the Fund due to the side pocket) or would like to withdraw and (2) consolidate the assets of our separate businesses (and subsidiaries) under one umbrella in order to realize operational synergies and build a great company with mining as the core tenet. After combining the entities, we will look to raise a Series A financing to recapitalize the business.

Our lawyers are still in the process of determining the best way to accomplish this conversion and business combination, but we plan to update you every step of the way.

Performance and Continued Interest

While we had greater hopes for the Fund, we are thankful for all of the trust and patience you, our investors, have afforded us. We wish our strategies could have played out in a shorter time-frame. For those that continue to be interested in what we are doing with mining, we would welcome the opportunity to share our vision to scale our strategies within a C-Corp.

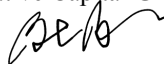
In order not to prejudice any investor in light of the foregoing, *we are suspending the right of all investors to withdraw or redeem from the Fund* in accordance with the applicable governing documents of the Fund, but will be in touch soon to present options and opportunities to investors wishing to either liquidate or continue their investment in connection with the restructuring.

Thank you all again. Rather than a year-end call, we will be in direct contact with everyone in the upcoming weeks as the conversion and business combination get underway.


Best,

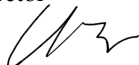
Iterative Capital, L.P.

By: Iterative Capital GP, L.L.C.

By: 
Name: Brandon Buchanan
Title: Managing Member

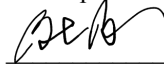
Iterative Capital, Ltd.

By: 
Name: Brandon Buchanan
Title: Director

By: 
Name: Christopher Dannen
Title: Director

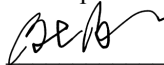
Iterative Capital Master, L.P.

By: Iterative Capital GP, L.L.C.

By: 
Name: Brandon Buchanan
Title: Managing Member

Iterative Mining Master, L.P.

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Name: Brandon Buchanan
Title: Managing Member